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Counsel to the Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

CELSIUS NETWORK LLC, *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 22-10964 (MG)
)
) (Jointly Administered)
)

**DEBTORS' JOINDER IN SUPPORT OF
THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS' OMNIBUS
OBJECTION TO MOTIONS FOR ENTRY OF AN ORDER TO DOLLARIZE
NON-INSIDER CEL TOKEN CLAIMS AT THE PETITION DATE PRICE OF \$0.81565**

The above-captioned debtors and debtors in possession (collectively the "Debtors") hereby submit this joinder (this "Joinder") to *The Official Committee of Unsecured Creditors' Omnibus Objection to Motions for Entry of an Order to Dollarize Non-Insider CEL Token Claims at the*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); Celsius US Holding LLC (7956); GK8 Ltd. (1209); GK8 UK Limited (0893); and GK8 USA LLC (9450). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 50 Harrison Street, Suite 209F, Hoboken, New Jersey 07030.

Petition Date Price of \$0.81565 (the “Committee Objection”), filed contemporaneously herewith.²

In support of this Joinder, the Debtors state as follows.

1. The Debtors join in, and hereby incorporate by reference, the arguments made by the official committee of unsecured creditors (the “Committee”) to the Caceres Motion and StJohn Motion. The valuation and treatment of CEL, the Debtors’ native cryptocurrency, has been a divisive issue since the outset of these chapter 11 cases. As the Examiner’s report³ highlighted, the price of CEL as of the Petition Date was attributable, in part, to the Debtors’ purchases on the open market.⁴ Furthermore, on the date of the Pause, the price of CEL was between \$0.20 to \$0.35. After the Pause, the market price of CEL increased (despite most of the CEL tokens being locked on the Debtors’ platform post-Pause), ultimately settling at approximately \$0.81 on the Petition Date. Such a fluctuation underscores the difficulty in accurately ascribing a price to CEL that reflects its true value.

2. As the Committee Objection notes, the treatment of native cryptocurrency tokens remains uncertain in light of the current regulatory environment.⁵ Furthermore, the argument that a claim for CEL, in addition to claims for damages resulting from fraud with regard to purchases and sales of CEL, should be subordinated pursuant to section 510(b) of the Bankruptcy Code has substantial merit.

3. In an effort to avoid costly and protracted litigation, the Debtors, in consultation with the Committee, determined to propose a settlement under the Plan that values CEL at \$0.20,

² Capitalized terms used by not defined herein shall have the meanings ascribed to them in the Committee Objection.

³ *Final Report of Shoba Pillay, Examiner* [Docket No. 1956].

⁴ *See id.* at 104 (“At times, Celsius was buying ‘100% of markets’ for CEL.”).

⁵ *See, e.g.,* Committee Obj. at ¶ 23.

which is the price of CEL as of the ICO. The Debtors have heard arguments both from account holders who believe that CEL should be valued at \$0.81 and those who believe CEL should be ascribed no value. Valuing CEL at \$0.20 represents a middle ground that provides value to those CEL holders who took no part in (and instead were victims of) the Debtors' prepetition actions regarding CEL and those account holders who did not hold CEL and would otherwise be diluted (and receive lower recoveries) as a result of a high CEL valuation.

4. Whether the proposed settlement of the value of CEL at \$0.20 should be approved is ultimately an issue reserved for confirmation. The Debtors will be prepared to carry their burden in support of the CEL settlement at that time. To the extent that Mr. Caceres and Mr. StJohn insist that the Court make a ruling ahead of Plan confirmation that CEL should be valued at \$0.81, the Debtors believe that the arguments that CEL should be subordinated or otherwise ascribed no value are stronger than the arguments that CEL should be valued at \$0.81.

5. The Debtors reserve all rights to supplement or amend this Joinder and to raise any additional arguments or objections before or at any hearing to consider the relief requested in the Motions or the Committee Objection.

[Remainder of page intentionally left blank]

WHEREFORE, the Debtors request that the Court sustain the Committee Objection, as supported by this Joinder, deny the relief requested in the Motions, and grant such other and further relief as is appropriate under the circumstances.

New York, New York
Dated: June 21, 2023

/s/ Joshua A. Sussberg

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